



The American Recovery and Reinvestment Act:



**SAVING AND CREATING JOBS
AND REFORMING EDUCATION**

**U.S. Department of Education
March 24, 2009**

Saving and Creating Jobs and Reforming Education



“In a global economy where the most valuable skill you can sell is your knowledge, a good education is no longer just a pathway to opportunity - it is a prerequisite. The countries that out-teach us today will out-compete us tomorrow.”

- President Barack Obama, 2/24/09



Historic, One-time Investment



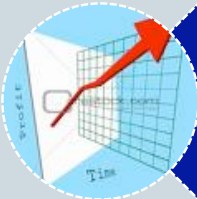
- Over \$100 billion education investment
- Historic opportunity to stimulate economy and improve education
- Success depends on leadership, judgment, coordination, and communication



Guiding Principles



Spend Quickly to Save and
Create Jobs



Ensure Transparency and
Accountability



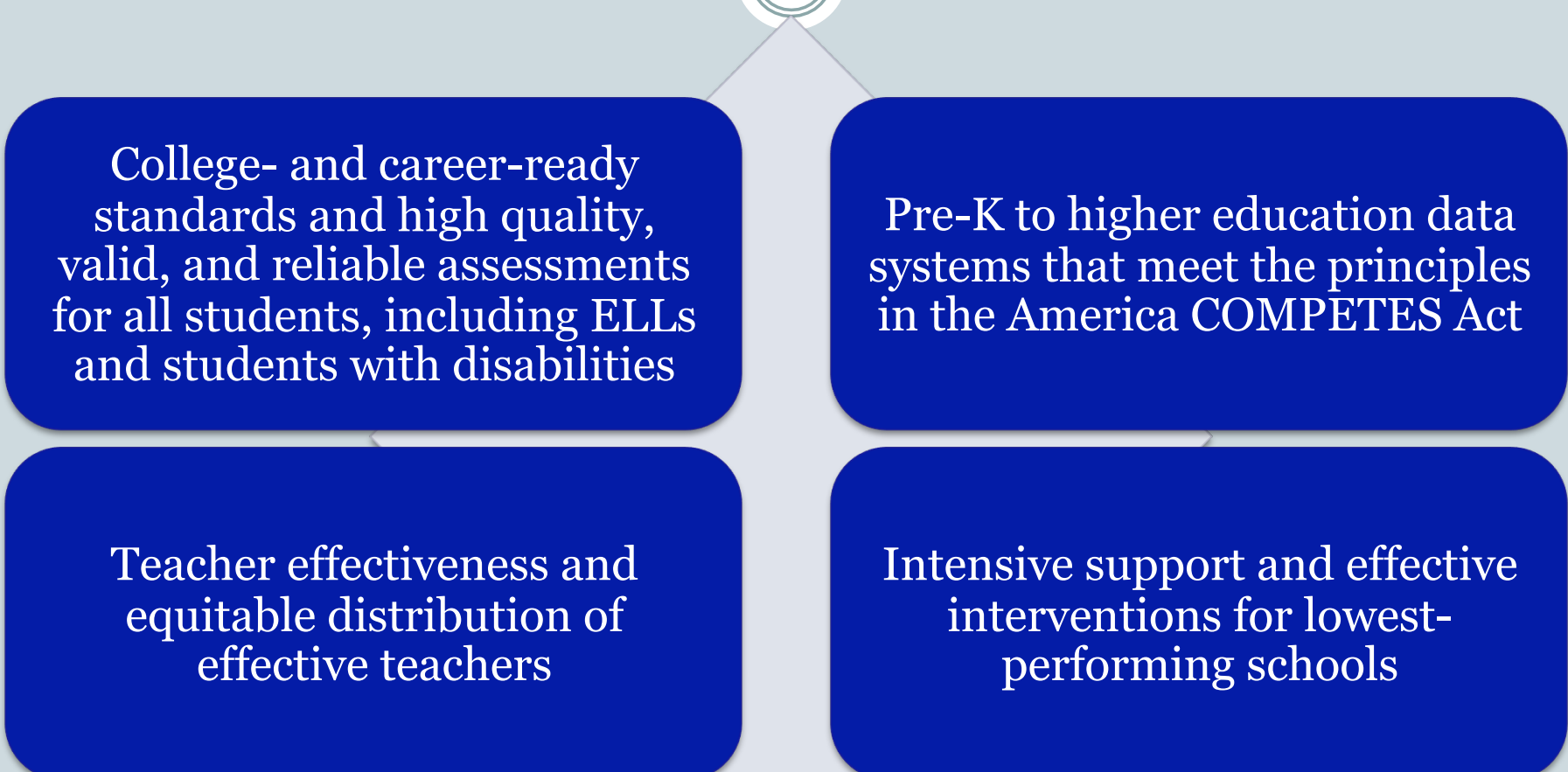
Thoughtfully Invest One-time
Funds



Advance Effective Reforms



Advance Core Reforms: Assurances



College- and career-ready standards and high quality, valid, and reliable assessments for all students, including ELLs and students with disabilities

Pre-K to higher education data systems that meet the principles in the America COMPETES Act

Teacher effectiveness and equitable distribution of effective teachers

Intensive support and effective interventions for lowest-performing schools



\$44 Billion Becomes Available to States by the End of March



- State Stabilization - \$32.5 billion (67%)
- IDEA, Parts B & C - \$6.1 billion (50%)
- Title I, Part A - \$5 billion (50%)
- Vocational Rehabilitation - \$270 million (50%)
- Homeless Youth - \$70 million (100%)
- Independent Living - \$52.5 million (100% of formula monies; \$87.5 million in competitive grants to follow)
- Impact Aid - \$40 million (100% of formula monies; \$60 million in competitive grants to follow)



Additional \$49 Billion Becomes Available between Summer and Fall 2009



- Pell & Work Study - \$17.3 billion (100%)
- State Stabilization - \$16.1 billion (33%)
- IDEA , Parts B & C - \$6.1 billion in (50%)
- Title I, Part A - \$5 billion (50%)
- Title I School Improvement - \$3 billion (100%)
- Enhancing Education through Technology - \$650 million (100%)
- Vocational Rehabilitation - \$270 million (50%)
- Statewide Data Systems - \$250 million (100%)
- Teacher Incentive Fund - \$200 million (100%)
- Teacher Quality Enhancement - \$100 million (100%)



Balance Speed and Effectiveness



- Balance speed and stimulus with careful planning and effective reforms
- States should award funds to LEAs as quickly as is prudent and LEAs should use funds expeditiously but sensibly
- LEA obligation timelines:
 - State Fiscal Stabilization Fund (SFSF): must be obligated by September 30, 2011
 - Title I, Part A: in absence of a waiver, 85% by Sept 30, 2010; any remaining by Sept 30, 2011
 - IDEA, Part B: majority during school years 2008/09 and 2009/10 and remainder by September 30, 2011



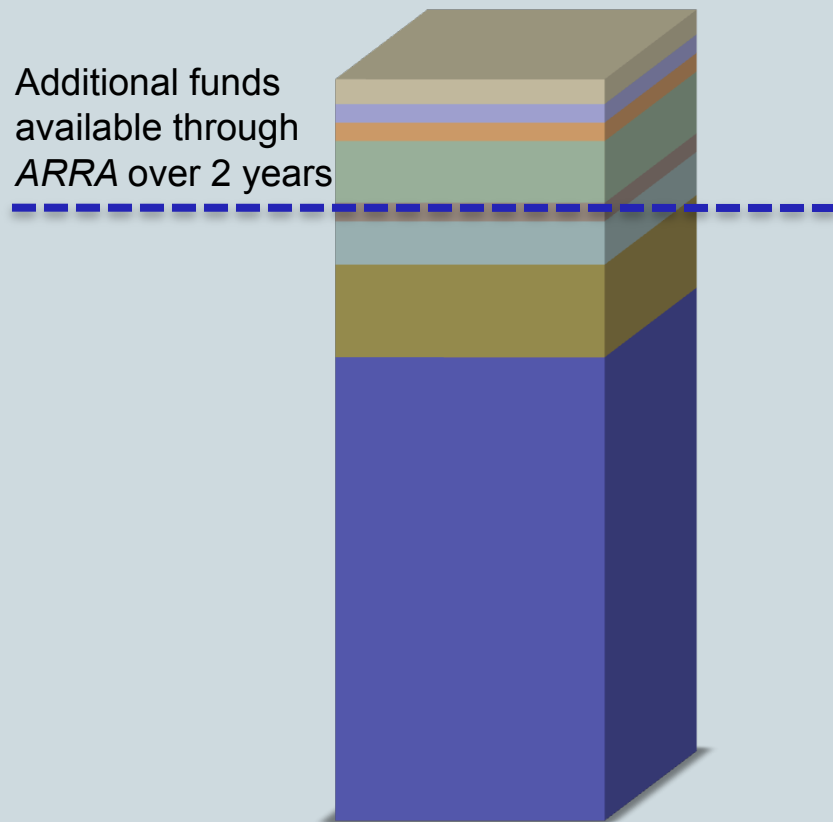
Short-term Investments that Produce Lasting Results; Avoid “The Cliff”



- Maximize short-term investments with lasting results for:
 - students
 - teacher, school, and district capacity for improvement
- Minimize unsustainable ongoing commitments
- Integrate coherent improvement strategies that are aligned with the core reform goals



Significant Impact on High Needs Schools' Budgets



- ARRA School Improvement Grants
- ARRA IDEA
- ARRA Title 1
- ARRA Stabilization
- IDEA FY 09
- ESEA FY 09
- Additional State Aid
- Basic State & Local Funding Formula



ARRA Funds Available for School and College Facilities Over the Next Two Years



- SFSF for Education
 - LEAs have discretion to use for construction, modernization, renovation, and repair under ESEA Impact Aid authority
 - Governor has discretion to make available for IHEs for modernization, renovation, and repair
- SFSF for Government Services
 - Governor has discretion to make available
- Impact Aid
- Qualified School Construction Bonds
- Qualified Zone Academy Bonds
- Consider facilities for early childhood education and the community and should create “green” buildings



State Fiscal
Stabilization Fund
\$53.6 billion

Formula

Governors
\$48.6 billion

Public Elementary,
Secondary, and
Institutions of Higher
Education
81.8% (\$39.8 billion)

Education, School
Modernization, Public
Safety, or other
Government Services
18.2% (\$8.8 billion)

Competitive

The Secretary
\$5 billion

Race to the Top
(\$4.35 billion)
What Works and
Innovation (\$650 million)

State Fiscal Stabilization Fund for Education (1)



- 81.8%; \$39.8 billion
- Streamlined application available by the end of March
- First phase: 67% to States within two weeks of approvable application and in severe economic emergency, up to 90% available
- Application will ask for:
 - Assurances that the State is committed to advancing education reform in four specific areas
 - Baseline data that demonstrate the State's current status in each of the four education reform areas
 - A description of how the State intends to use its Stabilization allocation



State Fiscal Stabilization Fund for Education (2)



- Second phase: 33%
- Application will ask for:
 - The State's plan detailing its strategies for addressing the education reform objectives described in the assurances
 - A description of how the State is implementing the record-keeping and reporting requirements of ARRA
 - A description of how SFSF and other funding will be used in a fiscally prudent way that substantially improves teaching and learning



State Fiscal Stabilization Fund for Education: Uses of Funds



- Education funds for elementary and secondary must run through State's primary funding formulae
- LEAs may use funds for any activity authorized under ESEA, IDEA, Adult Ed, or Perkins, including modernization of school facilities and salaries to avoid teacher layoffs
- LEAs encouraged to use funds for activities that advance progress on the assurances and drive lasting results without unsustainable recurring costs



State Fiscal Stabilization Fund for Education: Uses for IHEs



- IHEs may use education funds for:
 - education and general expenditures
 - mitigating tuition and fee increases for in-State students
 - modernization, renovation, and repair of facilities used for instruction, research, student housing



State Fiscal Stabilization Fund for Government Services



- 18.2%; \$8.8 billion
- States may use for education, public safety and other government services
- May include modernization, renovation, and repair of public schools and public and private college facilities



State Fiscal Stabilization Fund: Maintenance of Effort Issues

- Each Governor must assure the State will maintain same level of support for education in FY2009-11 as it did in FY2006
- ED may waive under certain conditions
- Must use the allocations to restore support for FY 2009, 2010, and 2011 to the greater of the FY 2008 or FY 2009 level
- With prior approval, State or LEA may count ARRA funds as non-federal funds for maintenance of effort (MOE)



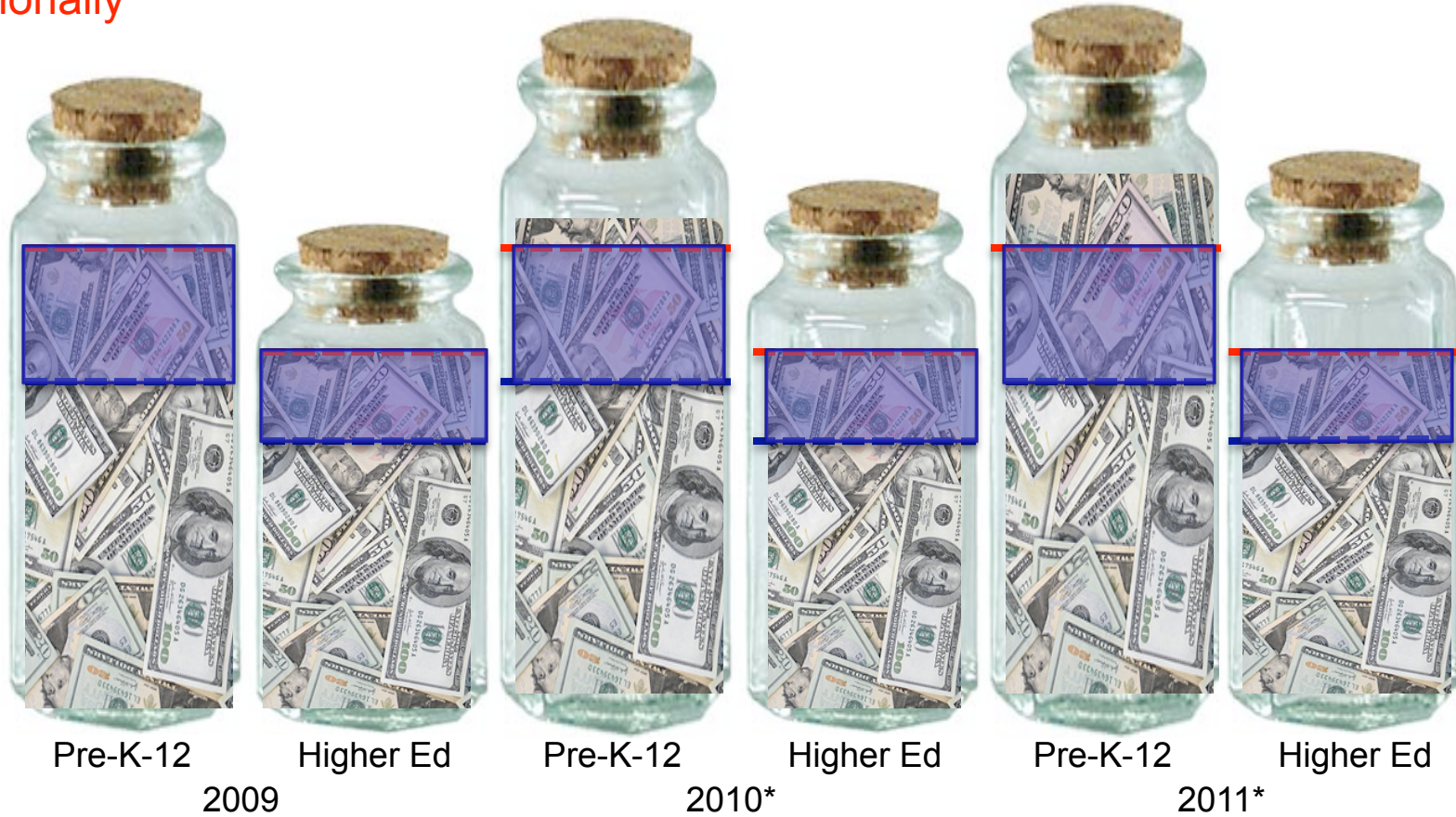
State Fiscal Stabilization Fund: Fiscal Issues

Restore Pre-K-12 & Higher Ed proportionally

Excess if any,
distributed to Pre-K-12
via Title I formula

Higher of '08
'09 Level

FY '06
Level-MOE



* Projected

SFSF Incentive Fund: “Race to Top” and “Invest in What Works and Innovation”



- “Race to the Top”- \$4.35 billion competitive grants to States making most progress toward the assurances
- “Investing in What Works and Innovation” - \$650 million competitive grants to LEAs and non-profits that have made significant gains in closing achievement gaps to be models of best practices
- 2010 grant awards will be made in two rounds - late Fall 2009, Summer 2010



Title I, Part A – ARRA: Flow of Funds



- \$10 billion under Title I, Part A on top of normal FY2009 allocation
- ED will release 50% before the end of March 2009 without the need for new applications
- Remaining 50% available upon approval of State plan amendment on recordkeeping and reporting requirements
- State must reserve 4% for school improvement, of which at least 95% must be allocated to LEAs



Title I, Part A – ARRA: Fiscal Issues and Waivers



- ED will consider requests for waivers for:
 - “Set-aside” requirements in Title I, Part A that apply to the use of funds by LEAs
 - Per-pupil amount for supplemental educational services
 - State may grant LEAs a waiver of carryover limitation
- ED may not waive supplement not supplant requirement but in cases of severe budget shortfalls LEAs may have avenues to demonstrate compliance
 - (<http://www.ed.gov/programs/titleiparta/fiscalguid.pdf>.)
- ED will consider requests to count SFSF funds as non-federal for purposes of MOE



Title I School Improvement Grants



- \$3 billion to improve lowest performing schools – almost six-fold increase in funding
- Will be made available by Fall 2009
- States will give priority to LEAs that:
 - Serve the lowest-achieving schools
 - Demonstrate the greatest need for such funds
 - Demonstrate the strongest commitment to ensuring that such funds are used to enable the lowest-achieving schools to meet the progress goals in school improvement plans



Potential Uses of Title I Funds that Support Assurances and Avoid “The Cliff”



- Examples to consider:
 - Establish a system for identifying and training highly effective teachers to serve as instructional leaders in Title I schoolwide programs and modifying the school schedule to allow for collaboration among the instructional staff
 - Provide new opportunities for Title I schoolwide programs for secondary school students to use high-quality, online courseware as supplemental learning materials for meeting mathematics and science requirements
 - Develop and expand longitudinal data systems to drive continuous improvement efforts focused on increased achievement in Title I schools



IDEA, Part B – ARRA: Flow of Funds



- \$11.3 billion under Part B Grants to States and \$400 million under Part B Preschool Grants on top of the normal FY2009 grants
- Release at least 50% before the end of March 2009 without the need for new applications
- Remaining awarded by Oct 1, 2009 upon approval of application amendment on recordkeeping and reporting requirements
- Under the Grants to States program, no increase in the amount a State would otherwise be able to reserve for administration and State-level activities under its regular FY 2009 award



IDEA, Part B and Part C – ARRA: Early Childhood



- **Part B Preschool: \$400 million under Part B Preschool Grants in addition to FY 2009 grants**
 - Release 50% before the end of March 2009 without the need for new applications
 - Remaining 50% awarded by October 1, 2009 upon approval of application amendment on recordkeeping and reporting requirements
- **Part C Early Intervention: \$500 million under Part C Infants and Toddlers with Disabilities Grants in addition to FY 2009 grants**
 - Release 50% before the end of March 2009 without the need for new applications
 - Remaining 50% awarded by October, 1, 2009 upon approval of application amendment on recordkeeping and reporting requirements
 - ED will set aside \$71 million of the IDEA, Part C recovery funds for State Incentive Grants to serve children three years of age until entrance into elementary school



IDEA, Part B – ARRA: Fiscal and Waiver Issues



- Under certain circumstances, the LEA may reduce State and local expenditures for special education by up to 50 percent of the amount of the increase in the LEA's IDEA allocation over the prior year, if the freed-up local funds are used for activities that could be supported under the ESEA, which can include early intervening services
- Under certain circumstances, an LEA may use up to 15% of its total Part B grant for early intervening services for children who are not currently identified as children with disabilities
- ED will consider requests:
 - for waivers to State MOE requirements for exceptional circumstances, including unforeseen decline in fiscal resources
 - to count SFSF as non-federal for MOE



Potential Uses of IDEA Funds that Support Assurances and Avoid “The Cliff”



- Examples to consider:
 - Provide intensive district-wide professional development for special education and regular education teachers that focuses on scaling-up, through replication, proven and innovative evidence-based school-wide strategies in reading, math, writing and science, and positive behavioral supports to improve outcomes for students with disabilities
 - Develop or expand the capacity to collect and use data to improve teaching and learning



Non-Public School Student and Teacher Participation

- Programs included in the stimulus that require equitable participation of non-public school students and teachers include:
 - Title I, Part A
 - Title II, Part D (Enhancing Education through Technology)
 - IDEA, Part B



Title I and IDEA Administration Provision



- The Secretary intends to issue regulations to allow reasonable adjustments to the limitation on State administration expenditures to help States defray the costs of ARRA data collection requirements.



Accountability and Transparency



- All ARRA funds must be tracked separately
 - Quarterly reports on both financial information and how funds are being used
 - Estimated number of jobs created
 - Subcontracts and sub-grants required to comply with the Federal Funding Accountability and Transparency Act
- Reporting template being developed for use by States to capture required information
- Transparency allows opportunity to quantify/define goals and mobilize support for improving results for all students



More Information



- www.ed.gov and www.recovery.gov
 - FAQs, Hot Topics, etc
- Preliminary information about each State's IDEA allocation:
<http://www.ed.gov/about/overview/budget/Statetables/recovery.html>
- Preliminary estimates of Title I, Part A recovery allocations to each State and LEA are available at:
<http://www.ed.gov/about/overview/budget/news.html#ARRA>
- SFSF Questions: State.fiscal.fund@ed.gov
- IDEA Questions: IDEArecoverycomments@ed.gov
- Title I Questions: oeese@ed.gov
- Inspector General Questions: rich.rasa@ed.gov
- Independent Living and Vocational Rehabilitation Questions:
RSARecoverActComments@ed.gov

